

can result in greater recycling and reuse than either program could alone.

In celebration of Earth Day, just 2 weeks away, I introduce this legislation that will help us to reach our environmental goals by conserving our natural resources and reducing litter and pollution. I urge my colleagues to support comprehensive recycling by cosponsoring the National Beverage Container Reuse and Recycling Act of 1995.

REPEAL THE SHORT-SHORT TEST FOR REGULATED INVESTMENT COMPANIES

HON. MICHAEL PATRICK FLANAGAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 6, 1995

Mr. FLANAGAN. Mr. Speaker, to qualify for taxation as a regulated investment company [RIC], a mutual fund must meet various tests. One of the tests is that a RIC must derive less than 30 percent of its gross income from the sale or distribution of certain investments, such as stocks, options, futures, securities, and forward contracts, held less than 3 months. This is known as the short-short test. Mr. Speaker, today I am introducing legislation to repeal the 30 percent of gross income limitation applicable to regulated investment companies.

The short-short test severely inhibits the ability of RIC's to adequately respond to fluctuating market conditions. Under present law, RIC's are not able to protect their investors as well as possible. This is because RIC's can not, for example, completely hedge their investments against adverse market trends. Similarly, if prices go up, a portfolio manager may not be able to sell certain securities, even if it is advisable to do so, solely because of the short-short test. They are stymied by the 30-percent barrier, even though it could be advantageous to go beyond that point and realize more than 30 percent of their gross income from certain investments. The inability to freely trade stocks, options, securities, and the like can adversely affect 401K's and various types of retirement funds invested in mutual funds.

Portfolio managers cannot totally maneuver to protect their investors without having their RIC status adversely impacted if they violate the 30-percent mark. The repeal of the short-short test will give those managers the capability to fully protect profitability for their shareholders. As it stands now, portfolio managers are often forced to make investment decisions based on tax strategy rather than investment strategy.

The short-short test is also an administrative nightmare. RIC's have to track the percentages of short-term and long-term gain realized daily and cumulatively throughout the year, and the holding periods of their assets. This, of course, creates extra costs for RIC's that are passed on to shareholders. Repeal of the short-short test will eliminate an inordinate amount of paperwork and accounting costs for the RIC's, and help their shareholders keep more of their investments.

Repeal of the short-short test has previously received strong bipartisan support. It passed the House unanimously on May 17, 1994, as part of the Tax Simplification and Technical Corrections Act of 1993. Unfortunately, the

legislation was not enacted into law. I am bringing the issue forth for the 104th Congress because I believe it is still a much needed reform that can only help, and in no way hurt, the American economy.

TRIBUTE TO SAMUEL T. YANAGISAWA AND HIS WORK ON IMAGE INTENSIFIER NIGHT VISION EQUIPMENT

HON. SAM JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 6, 1995

Mr. SAM JOHNSON of Texas. Mr. Speaker, I rise today to recognize and commend the accomplishments of an outstanding individual and fellow Texan who has done exceptional work in the development and manufacture of night vision equipment. This equipment enabling armies to fight in the dark is one of the most profound changes in military capability in history. It was a critical factor in the low loss of life and played a major role in the success of Operation Just Cause in Panama and Operation Desert Storm in Kuwait. These examples alone prove conclusively that night vision technology has revolutionized military tactics and strategy.

Sam Yanagisawa was instrumental in the development and manufacture of the first generation of image intensifier night vision equipment and of subsequent generations of goggles for night flying and for use by ground troops. His leadership, dedication, innovation, and frankly, his genius, led the way in providing our fighting forces with a night fighting capability that has proved decisive. He has been in the forefront with both the public and private sectors.

Mr. Yanagisawa was one of the founders of the U.S. Night Vision Manufacturers Association that help persuade our forces to adopt this equipment and develop the necessary doctrine for its employment. His initiative, foresight, and professionalism contributed immeasurably to the success of this effort. At the same time, he served on the Army Science Board, chaired two summer studies, and currently serves on the Air Force Studies Board.

Mr. Yanagisawa served in various positions at Varo Inc., from 1967–1987 where he developed the first generation of night vision tubes and equipment at high rate of production and introduced special process computers for the complex production of photocathodes, an integral part of image intensified devices. He went on to facilitate the efficient production of second generation tubes and equipment so that night goggles could be practicable for ground and airborne applications. He retired as chairman and CEO of Varo in 1987.

Mr. Speaker, I salute Sam Yanagisawa for his hard work, diligence, and outstanding accomplishments in the development of night vision. We all owe him a debt of gratitude for his years of dedication and join together in commending him for showing great foresight and commitment to the night vision industry. We thank him for his genuine contributions to our Nation's security and wish all the best in his future endeavors.

H.R. 1378, REGARDING RENUNCIATION OF AMERICAN CITIZENSHIP

HON. SAM GIBBONS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 6, 1995

Mr. GIBBONS. Mr. Speaker, last week the Republicans in the House of Representatives, acting on behalf of powerful lobbyists representing unnamed clients, succeeded in stopping a provision that would have prevented wealthy Americans from avoiding billions of U.S. tax by renouncing their American citizenship.

Earlier this week, I introduced H.R. 1378, which would require that those unnamed clients be identified to the public. The legislation would require the Secretary of State to publish in the Federal Register the names of individuals who renounce their U.S. citizenship. Individuals enjoying enormous tax advantages through renunciation of their U.S. citizenship should be publicly identified.

In the debate last week, Republicans tried to faithfully follow the script prepared by lobbyists representing wealthy expatriates and those few wealthy Americans planning to renounce their allegiance to their native country in the near future. Their arguments were eloquently refuted by the Democratic Members participating in the debate and we need not repeat that debate.

However, the Republicans did stray from the script prepared by these lobbyists in several respects, and I want to respond to those arguments. They accused the Democrats of engaging in class warfare and attempting to tax wealthy individuals out of existence. They argued that these wealthy individuals would not have engaged in the despicable act of renouncing their allegiance to the United States but for the punitive levels of taxation in this country.

The Republican concern for the wealthiest among the privileged class is understandable given their political philosophy but, from the average taxpayer's perspective, it is seriously misguided. The wealthiest of the wealthy did quite well during the 1980s. The wealthiest of Americans saw their share of total income almost double in the 1980s. According to Treasury Department data, the share of total income reported by the top one-half of 1 percent of taxpayers increased from 6.05 percent in 1979 to 11 percent in 1989.

Their argument that our taxes are at punitive levels is totally false. The United States has one of the lowest tax burdens of all industrialized nations in the world. It is true that our rates exceed those provided by the tax havens to which these wealthy people are fleeing. However, those individuals can reside safely in those havens only by reason of the defense expenditures of this country which enable wealthy expatriates to live safely anywhere in the world. Many of these expatriates continue to live and work in this country for large portions of the year.

The argument that I find most appalling is the argument that we engaged in class warfare when we tried to prevent these billionaires from avoiding their tax responsibilities by renouncing their U.S. citizenship. Two weeks ago, Republican Members of this House compared poor Americans to "alligators" and